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SUBJECT: COLOMBIAN TRADE MINISTER DISCUSSES NEXT STEPS IN FTA

Classified By: Ambassador William B. Wood, reasons 1.4 (b) and (d)

11. (C) Summary. During a March 9 meeting with the Ambassador, Trade Minister Botero and FTA chief negotiator Gomez emphasized the GOC's need to close FTA negotiations by June and the commitment of the Colombian negotiating team to do so. Botero and Gomez also expressed their desire to advance the process during March 14-21 meetings in Washington. Botero and Gomez underscored the need for greater engagement on agricultural issues in order to ensure public acceptance of an FTA in Colombia. They also highlighted the political urgency in closing the telecommunications chapter and pressures from the indigenous population for greater consideration of biodiversity. Both expressed concern that problems in resolving outstanding trade disputes in Peru and Ecuador not slow down the process and Botero promised to push for further action by Quito and Lima. Botero and Gomez's presentations made it clear that while the GOC sees the urgency of closing in June, it does not feel this is possible without positive results that will help cement private sector support for the process. End Summary.

12. (U) On March 9, Trade Minister Jorge Humberto Botero hosted a meeting with the Ambassador to discuss the upcoming FTA talks in Washington. Botero was accompanied by newly-named Trade Vice Minister Eduardo Munoz, chief FTA negotiator Hernando Jose Gomez and deputy chief negotiator Juan Carlos Botero. The Ambassador was accompanied by the DCM and ECONCOUNS.

13. (C) Minister Botero began by going over the main points of his recent Washington visit and reiterated that the GOC needed to finish negotiations in June to allow for Congressional review this year. Delaying consideration in the Colombian Congress past 2006 would put the FTA in the middle of the Congressional and Presidential election cycles. At best, this would delay consideration until after the new Congress and President assumed power in August 2006. At worst it could lead to Congress voting down the agreement. Botero made clear that the timing of the negotiations had now become a crucial issue and the GOC would do everything in its power to allow negotiations to conclude in June. Botero added that the GOC was concerned that any delay by Peru and Ecuador in resolving outstanding trade disputes could hold up U.S. Congressional review until these disputes were resolved. Botero then stated that Colombia was willing to go it alone, but promised to call the trade ministers of Peru and Ecuador to push them on resolving the disputes.

KEY GOC CONCERNS

14. (C) Chief negotiator Gomez then went over the key concerns at several tables:

a) Telecommunications

The GOC still hopes to get some of the obligations for fixed line operators applied to cellular operators. The GOC really wants three provisions applied: (a) interconnection rights; (b) safeguard and prohibition of crossed subsidies; (c) obligation of resale. While they will request others at the table (such as number portability and dialing parity) the three mentioned are the key items the GOC requests. Gomez also said that the GOC seeks some type of notification by FCC that there are only three authorized Colombian providers of long distance) even a mention somewhere in the FCC website would suffice. Botero added that the telecommunications issue had an important political dynamic. Bogota and Medellin, Colombia's two largest cities, had two of the three largest telecommunications companies in Colombia. In Bogota, the opposition mayor was using the issue to generate opposition to the FTA. Thus, if we could close the chapter and provide the areas of coverage that those companies sought for cellular operators, we would be able to disarm potentially powerful opposition.

b) Agriculture

Botero made it clear that the GOC needs positive movement on the zero for zero offer in the agricultural bilateral meeting

March 21-22. He was specifically interested in the inclusion of fruits and vegetables in the offer, but did not mention what the GOC was willing to offer in exchange for this. Botero added that agriculture has an important constituency in the Congress and that it would be impossible to gain acceptance for the agreement without a balanced agreement that would provide increased access for both sides. Botero maintained that without progress in Washington he would be unable to maintain support from key agricultural constituencies. He mentioned key areas where he felt we could work on a mutually beneficial solution:

i. Coffee) the GOC seeks that the US consider the geographical denomination &Coffee from Colombia⁸) which was recently granted by the Colombian Superintendency of Commerce. Botero offered that the GOC would be willing to consider some type of protection of Puerto Rican producers (who asked for an exclusion from accepting Colombian coffee) in exchange for this. Such a deal would allow the powerful coffee federation to support the agreement, which means support from Congressional leaders in the coffee growing regions.

ii. Beef/dairy) the GOC seeks a dairy deal as the US and Colombia both have complementary offensive interests. Botero also asked that the US approve regions in Colombia as HMD free rather than the whole country (we explained that such a request is currently before USDA). These two items would gain the political support of the national cattleman's association and would ensure Congressional support from cattle growing states.

iii. Real market access - Botero raised the need for &real market access⁸ for agricultural goods - Colombian code for flexibility on SPS. Botero and Gomez argued that the USG also had interests where an Australia-FTA like SPS commission would be beneficial, namely BSE and avian flu. They added that they understood that much of the real access required considerable investment from the GOC, such as access for fresh beef and strengthening the Colombian Government's technical capabilities to allow for equivalency in technical findings, but that the commission and acceptance of equivalency (once proven) would give the GOC the political cover to make the necessary changes and win support.

iv. Sensitive products - Gomez stated that the GOC had four very sensitive agricultural products: beans, rice, corn, and chicken leg quarters where they sought special relief and felt that we had &to think out of the box,⁸ meaning consideration of other mechanisms such as long term TRQ's, special TRQ's, and mechanisms that would allow Colombia to counter any negative effects of lingering subsidies. They raised rice in particular, where US subsidies allow the export price to be below production costs in Colombia while the production costs in the US were higher. They also mentioned that in sugar, any access for alcohol or products containing sugar would help them offset the demands of the sugar sector.

v. More time) the GOC is convinced that we need more time to discuss agricultural issues but we can settle everything but the most sensitive issues while CAFTA is under consideration.

c) Intellectual Property

According to Botero, the Andean Trade Ministers are trying to quell a rebellion from the Health Ministers to limit data protection. Botero thinks the effort has been successful, but it can resurface at any minute. Botero and Gomez both stated that Colombia could accept an IP chapter with commitments similar to those in CAFTA and the Chile FTA, but they were concerned that Peru's reluctance to join the data exclusivity offer would hinder movement. They asked the USG to work with Colombia and Ecuador and not wait for Peru to join the offer. They also stated that it was imperative for the USG to answer the offer made to establish a negotiating dynamic.

d) Biodiversity

Botero came to the meeting after filming a TV show to counter increasing attacks from indigenous groups (a poll announced this week showed that 98 percent of indigenous groups in the Valle del Cauca region were against the FTA and that they felt they had been ignored). Botero used this to reiterate the need for inclusion of language on biodiversity in the US-Andean FTA) language that would recognize the rights of governments and their commitment to protect genetic resources and traditional knowledge. Both Botero and Gomez underscored that they were not looking for a back door for the biodiversity convention, but they needed mention of biodiversity for political reasons.

e) Used Goods

Botero and Gomez highlighted this was a contentious issue, and felt that the GOC could grant access to remanufactured and reconditioned equipment, but not used clothing. They were concerned, however, that they still did not have a good idea of the scope of the USG,s desire to include these goods. They asked for greater clarity.

The GOC feels the heat

15. (C) After seven rounds of negotiations, the GOC is feeling the heat and, because of the electoral calendar, a genuine sense of urgency. While there has been success in industrial market access, where the offer on the table now betters access under ATPDEA, no chapters have closed, and the private sector is growing restless. Hence the GOC's insistence on coming away from next week's talks with something to show. The political realities and pressures expressed by the minister are very real as is the GOC's recognition that it needs to move forward quickly in order to meet the goal of closing negotiations in June or July at the latest. What remains to be seen is how that sense of urgency will translate into action at the negotiating table. Ambassador shared that reciprocal movement must begin on the Colombian side. We believe they are ready.

WOOD